U.S.-CAFTA-DR Free Trade Agreement
Florida Farmers Will Benefit.

February 2005

Exports of farm products help boost Florida's farm prices and income. Such exports help support about 20,540 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Florida's farm cash receipts were $6.5 billion, and agricultural exports were estimated at $1.3 billion, putting its reliance on agricultural exports at 20 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Florida's exports of agricultural products.

Florida Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)

Despite over $1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Florida's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau, support the FTA.

Fruits and Preparations. As the nation's 2nd largest exporter of fruit and fruit products, Florida fruit producers and processors benefit from the FTA.

- Florida's citrus growers, the source of nearly 30 percent of farm cash receipts, will benefit from the immediate elimination of duties on concentrated grapefruit juice by all CAFTA-DR countries and on frozen concentrated orange juice by all Central American countries. Current duties on citrus can reach 20 percent in CAFTA-DR countries, and under WTO rules, could rise to as high as 60 percent. All duties in this sector will be eliminated within 15 years, and earlier in many cases.

Vegetables and Preparations. Ranking 2nd in the nation in value of sales and 7th in exports, Florida vegetable producers and processors benefit from the FTA.

- Providing the 4th largest source of state farm cash receipts, Florida tomato growers benefit from elimination of duties affecting the nearly $500,000 in U.S. exports of fresh tomatoes in recent years. Current duties on tomatoes can reach 15 percent in CAFTA-DR countries, and under WTO rules, could rise to as high as 60 percent. All duties in this sector will be eliminated within 15 years, and earlier in many cases. As the hotel, restaurant, and food service sectors in the region continue to expand, along with increasing consumer incomes and seasonal production considerations, the United States will be well-positioned under CAFTA-DR to service the rising demand for fresh tomatoes.

Beef. As the state's 5th largest source of farm cash receipts and 4th largest agricultural export sector, Florida cattle and calve operators benefit from the FTA.

- Current import duties on U.S. beef exports are as high as 30 percent, and the WTO permits duties as high as 79 percent.
- Duties on the products most important to the U.S. beef industry – Prime and Choice cuts – will be eliminated immediately in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*

Dairy. As the state's 6th largest source of farm cash receipts, Florida dairy operators benefit from the FTA.

- U.S. dairy exporters currently face duties as high as 60 percent, and the WTO permits duties as high as 100 percent.
- Each country will establish duty-free TRQs for certain dairy products totaling over 10,000 metric tons across the six countries – and each will receive the same level of TRQ access for dairy products entering the United States.
- TRQs will grow by 5 percent per year for the Central American countries and 10 percent per year for the Dominican Republic, with certain dairy products subject to safeguards during the phase-out period.
- All Central American and Dominican duties will be eliminated within 20 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Sugar. The 0.3 percent of Florida farms engaged in sugar production will face no cuts in the over 100 percent out-of-quota duty on U.S. sugar that currently protects domestic producers.

- The United States will establish TRQs for CAFTA-DR countries, starting at 107,000 metric tons. In the first year of implementation, increased market access in sugar will amount to about 1.2 percent of annual U.S. sugar consumption. This amount grows very slowly by 2 percent a year into perpetuity, so that by year 15 of FTA implementation the increased access on sugar (about 151,000 metric tons) amounts to about 1.7 percent of consumption. The United States will also establish a quota for specialty sugar goods of Costa Rica in the amount of 2,000 metric tons annually.
- Provisions will ensure only net surplus exporting countries in the region have access to the new access, and provisions have been agreed to allow alternative forms of

compensation to be established to facilitate sugar stock management by the United States.
- *The Sweetener Users Association, the National Confectioners Association, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Poultry. With nearly $200 million in farm cash receipts, Florida poultry producers benefit from the FTA.
- U.S. poultry exporters currently face duties as high as 164 percent on both fresh and frozen products, and the WTO permits duties as high as 250 percent.
- Each CAFTA-DR country will provide immediate duty-free access on chicken leg quarters, a product where the United States is the world's most competitive exporter, through country-specific TRQs that expand annually as duties are eliminated in 17 to 20 years.
- Costa Rica and the Dominican Republic will establish duty-free TRQs for chicken leg quarters totaling 850 metric tons, each expanding by 10 percent annually. The other four Central American countries will establish a total regional duty-free TRQ of 21,810 metric tons (with individual country minimum quota levels). After year 12, the TRQ quantity will be no less than 5 percent of regional chicken production.
- Duties on poultry products such as wings, breast meat and mechanically de-boned poultry meat will be reduced more quickly, with many eliminated within 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The National Chicken Council, the USA Poultry and Egg Export Council, and the National Turkey Federation have expressed support publicly for the CAFTA-DR FTA.*

Sugar Production in Florida - Map